

PRIVATE SECTOR DEVELOPMENT IN IRAQ:

IOM'S ENTERPRISE DEVELOPMENT FUND (EDF)

May 2026



IOM's Enterprise Development Fund (EDF) is an innovative livelihoods programme that supports sustainable job creation, private-sector revitalisation, economic diversification, and economic development by providing business expansion grants to small and medium-sized enterprises (SMEs).

In Iraq, the EDF provides grants of 5000-30,000 USD to SMEs operating in 17+ sectors, enabling SMEs to implement labour-intensive business expansion plans, resulting in sustainable job creation across a diverse range of industries. Given high unemployment rates in Iraq and the underemployment of graduates and skilled workers, supporting SME expansion is critical to generating high-quality, long-term, formal employment opportunities within Iraq.

SME expansion in Iraq is constrained by limited access to finance, rendering the EDF a vital support mechanism. Moreover, in some areas, conflict has contributed to the loss of business infrastructure, whilst the COVID-19 pandemic constituted an economic shock which has compounded the challenges for SME expansion.

IOM implements a rigorous, multi-stage selection process to ensure that businesses are selected based on their capacity for labour-intensive growth and an ability to create quality job opportunities in a safe working environment, aligned with Iraqi labour laws. EDF-funded SMEs must commit to hiring the new employees for at least 12 months, and 80% of SMEs kept additional employees beyond this mandatory period, exemplifying the long-term impact of EDF support on employment creation.

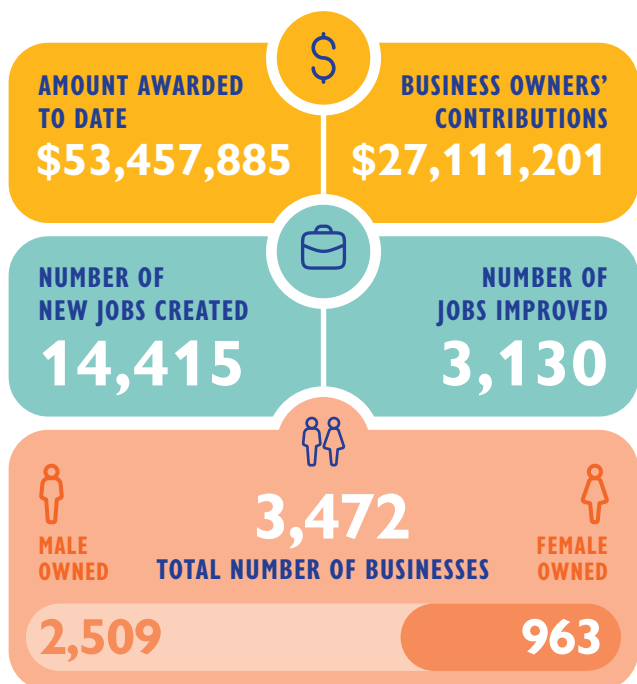
The EDF implements several adaptation programmes to ensure an equitable distribution of funding across geographical locations, demographics and businesses operating in innovative and green sectors. For instance, since launching EDF-Women in 2021, the proportion of female-owned businesses has increased from 11% (2020) to 42% in 2025.

The EDF is underpinned by a comprehensive due diligence and implementation monitoring process to ensure SMEs comply with the terms of the grant, with IOM verifying the creation of formal job opportunities and the purchasing of assets through milestone verification. These processes ensure accountability, mitigate risks and ensure efficient use of donor funds.

EDF enables business expansion and job creation through;

- Robust Information Management Systems and Data Analysis
- Employment-focused, evidence-based outreach and selection
- An inclusive approach targeting equitable distribution of funds
- Comprehensive due diligence and milestone-based monitoring for accountability

EDF ACHIEVEMENTS



Sustainable Economic Growth



The EDF strategically funds economic sectors that are labour-intensive, have growth potential and address underemployment.



The EDF methodology is tailored to different geographic contexts within Iraq, given the inclusion of areas impacted by conflict, climate change and protracted displacement.



The EDF emphasises equitable economic growth by supporting groups which face additional barriers to SME expansion, including female entrepreneurs, youth and innovators in non-typical sectors.



The EDF helps business owners establish creditworthiness and the financial history required to access formal financial services (e.g. bank accounts, savings accounts and commercial credit opportunities).



The EDF selection process incorporates components of private sector loan financing, ensuring selection is based on identifying businesses with the highest potential for growth, and that their expansion plans are labour-intensive and will create formal, long-term job opportunities.

Supporting Durable Solutions through Livelihoods

The EDF's geographic coverage reflects the displacement and return dynamics of Iraq, including governorates with high levels of internal displacement after the 2014-2017 war on the Islamic State of Iraq and the Levant (ISIL). Hence, Ninewa, Anbar, Salah-al-Din, Kirkuk, Diyala, Baghdad and the Kurdistan Region of Iraq are prioritised. By providing grants to business owners in these locations, they can create sustainable job opportunities in the area, including for returnees and IDPs. In specific governorates, EDF businesses are mandated to hire at least 50% of the new workers from IDPs and returnees, helping to expand access to quality livelihoods to populations affected by displacement.

Changing to Fit the Context

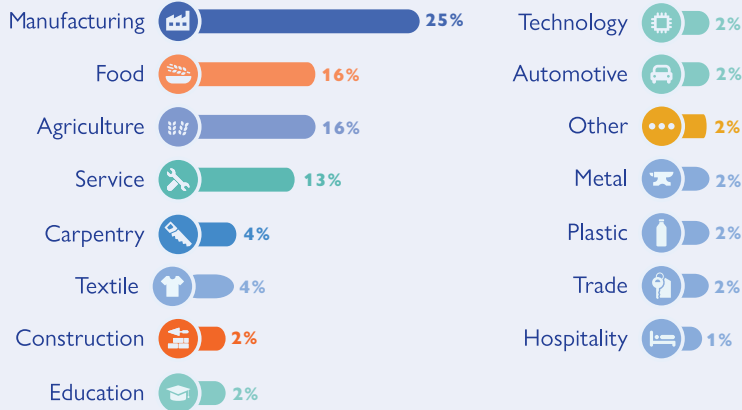
The EDF partners with key stakeholders and establishes linkages with government-financed programmes, financial institutions, non-governmental organisations (NGOs), Community Resource Centres (CRCs), and job centres. The EDF also has economic linkages with IOM's individual livelihoods support interventions through training and referral mechanisms, as they exert a demand stimulus in the local economy as well as provide skilled labourers sought by SMEs in the private sector, especially those selected and participating in the EDF programme.



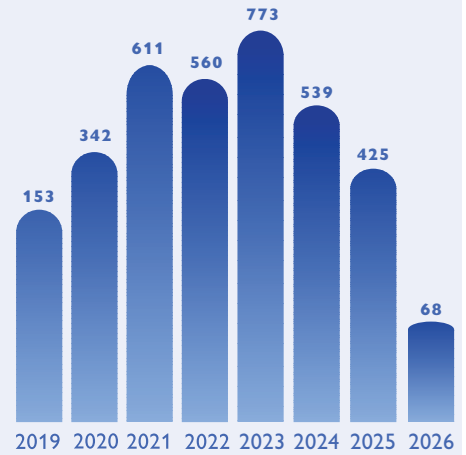
KEY ACHIEVEMENTS

AS OF MAY 2026

APPROVED BUSINESSES BY SECTOR

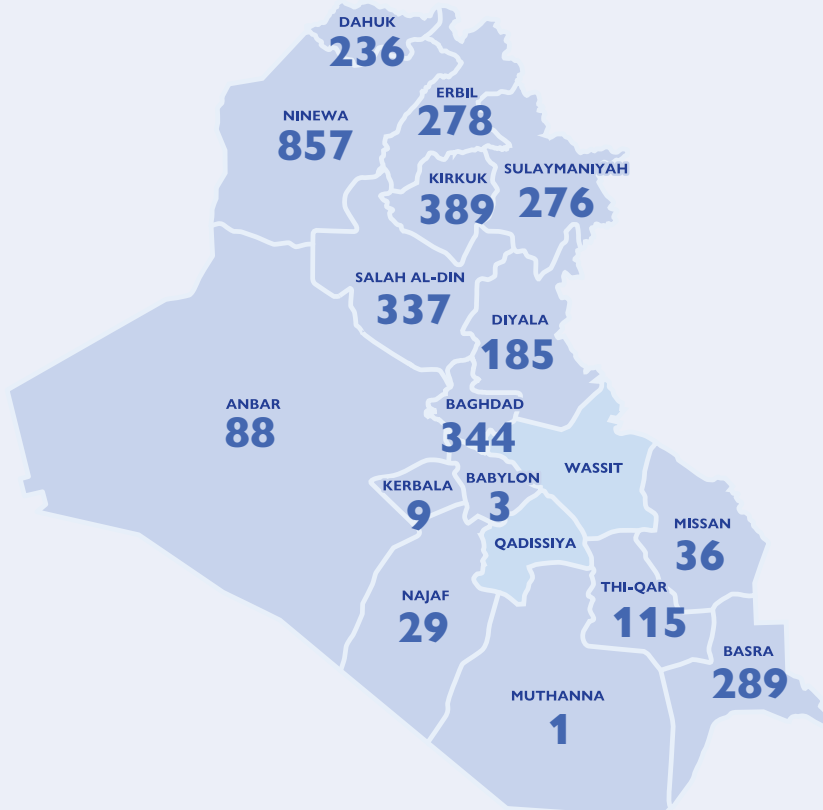


BUSINESSES GRANTED



PROGRAMME COVERAGE

Number of businesses given grants per governorate



12 MONTHS AFTER THE GRANT



From post-grant survey taken within 1 year after completion

MADE IN IRAQ

STORIES



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KHABIR MUSHROOM

Setting out to grow mushrooms is a complicated, high-risk agricultural endeavor, not for the faint of heart. But in an unassuming white-walled, windowless building nestled within the rolling Dohuk landscape, Hizr Noori Hussein, 36, has done just that. Since establishing Khabir Mushroom in Shinava village, Hizr has come to understand their temperamental ways.

“
The mushroom farm is ideal for my family because the other labor jobs exhausted us.
Shahab Mnezil

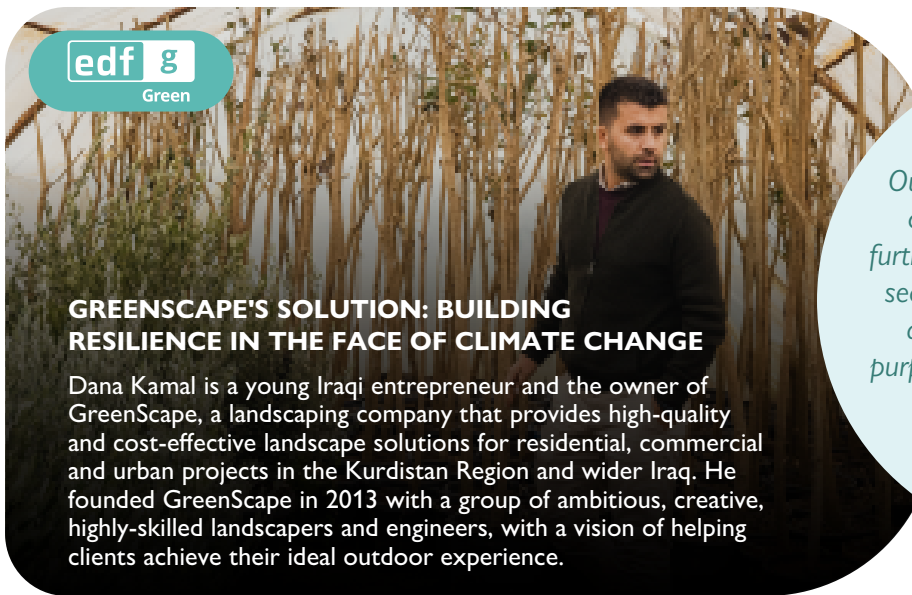
“
We saw a need for the market to produce the dates in a different way.
Maythem Saad



edf a
Agriculture

BERHYAH

In 2018, when Maythem Saad decided to create Berhyah, his mission was multifaceted. He wanted to remind people of Iraq's place in the global date-trade, while bolstering the returned manufacturing of the more than 600 types of dates grown in the country. He also sought to create an in-store atmosphere that matched the experiences he'd had in fine-dining cultures abroad.



edf g
Green

GREENSCAPE'S SOLUTION: BUILDING RESILIENCE IN THE FACE OF CLIMATE CHANGE

Dana Kamal is a young Iraqi entrepreneur and the owner of GreenScape, a landscaping company that provides high-quality and cost-effective landscape solutions for residential, commercial and urban projects in the Kurdistan Region and wider Iraq. He founded GreenScape in 2013 with a group of ambitious, creative, highly-skilled landscapers and engineers, with a vision of helping clients achieve their ideal outdoor experience.

“
Our deeper aim is to redesign cities with more nature, to further penetrate the agricultural sector with improved irrigation and to save water. For this purpose, eco-friendly systems are essential to realizing our sustainability plans.
Dana Kamal

MADE IN IRAQ

STORIES

“

After the loss we suffered, I'm getting back on my feet step by step.

Salih Thaeer

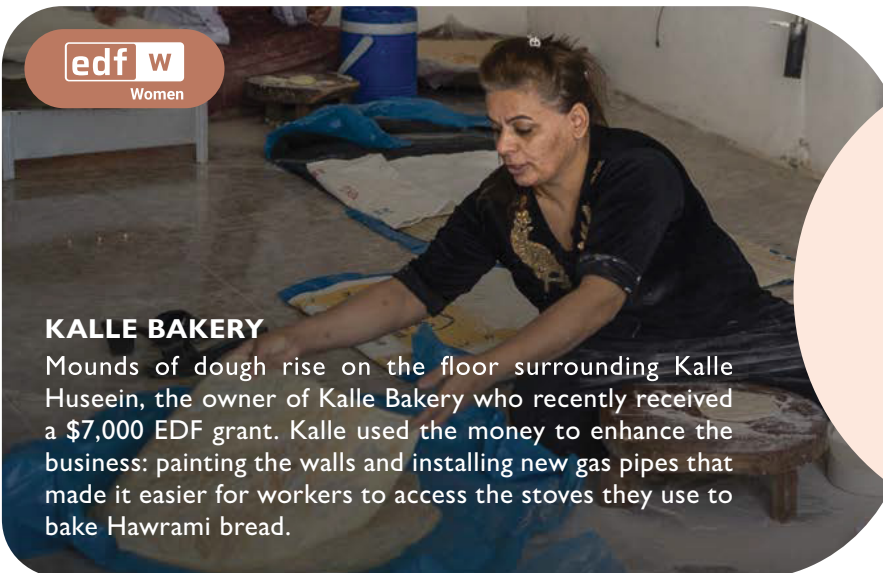


edf Enterprise Development Fund

THE BAGHDAD COMPANY

In its 38 years, The Baghdad Company has overcome setbacks time and time again. The owner, Estabraq Gabar Muhdi, started the company alongside his older brother who was called to military service soon after launching the business, and eventually killed in action.

edf w Women



KALLE BAKERY

Mounds of dough rise on the floor surrounding Kalle Huseein, the owner of Kalle Bakery who recently received a \$7,000 EDF grant. Kalle used the money to enhance the business: painting the walls and installing new gas pipes that made it easier for workers to access the stoves they use to bake Hawrami bread.

“

We didn't have a penny to spend, but we were happy.

Kalle Huseein

“

But those few who appreciate art mean everything to me.

Adel Dawood



edf c Culture

ATELIER ADEL DAWOOD

del Dawood Hussein Aljabri is an artist whose small studio and gallery in Nassiriya, the capital of Thi-Qar Governorate brings gaiety, charm and character to the city's famous Haboobi Street. The eccentric and animated painter has mastered drawing, water colour and oil painting, tending towards reliefs based on archaeological documentation of past civilizations of Iraq. Adel studied fine arts in Baghdad and opened a studio in Karrada, but years of insecurity brought him back to Nassiriya, where he still operates today.

To read all of the full stories, please visit:



THE EDF ADAPTATIONS

Women (EDF-w)



Launched in 2021, EDF-Women (EDF-W) provides grants to female-owned businesses, fostering female entrepreneurship and facilitating the inclusion of women in the Iraqi labour force. The EDF-W is built upon a theory of change that women entrepreneurs in Iraq are more likely to hire women. 66% of jobs created as of May 2026 within female-owned businesses have been for women. The EDF-W adaptation complements financial support with on-the-job training and mentorship schemes.

The EDF-W tailors selection criteria to reflect that female-owned enterprises in Iraq are often younger, more informal and employing fewer workers than male-owned counterparts. This recognition has resulted in the proportion of female-owned businesses increasing from just 11% (2020) to 42% in both 2024 and 2025.

Culture (EDF-c)



In collaboration with UNESCO, IOM supported enterprises to preserve and restore the traditions of Iraq whilst creating sustainable job opportunities. EDF-Culture ensures that job creation coincides with supporting the restoration of traditional industries and the inclusion of smaller, artisanal projects with a heritage component. Hence, EDF-C not only contributes to economic development and job creation but is a mechanism for the preservation and revival of Iraq's traditions, ensuring ancient crafts remain financially viable and contribute to the modern economy of Iraq.

Innovation (EDF-i)



EDF-Innovation (EDF-I) acts as an accelerator programme for talented entrepreneurs to expand their start-ups and early-stage businesses whilst creating skilled job opportunities for youth. EDF-I businesses must be unique to their geographic context or situated within high-growth innovative sectors. These sectors include tech-centred enterprises such as software application development, as well as unique businesses operating in hydroponic farming, medical technology and sustainable tourism.

IOM has conducted outreach at the annual HITEX & ITEX events, the largest technology exhibitions in Federal Iraq and the Kurdistan Region. IOM has also partnered with several start-up incubators, including Five One Labs and KAPITA, which provide technical expertise to SMEs, including training and mentorship. In 2025, selected EDF-I grantees were invited to participate in an international EXPO in Saudi Arabia, building upon their success in the EDF by pitching international expansion to potential investors.

Tameer (EDF-t)



'Tameer' is the Arabic for 'refurbished', a reference to EDF-T's ability to rebuild businesses that were successful in the past but that were destroyed or heavily damaged by the conflict with ISIL between 2014-2017. Due to the loss of productive assets, many business owners are unable to restart operations without external support. Hence, EDF-T adapts the EDF eligibility criteria and selection process to accommodate these needs, with selection contingent on a labour-intensive restoration plan and evidence of prior success. As a result of funding these SME's, sustainable job opportunities are created for vulnerable individuals, including IDPs and returnees, with EDF-T expanding access to quality opportunities to displaced persons.

EDF-Green (EDF-g)



The EDF-Green (EDF-G) adaptation contributes to the adoption of climate change mitigation measures, resilience and adaptive productive processes by supporting SMEs expand their business whilst producing products in an environmentally friendly manner or adapting their existing productive processes to be green. EDF-G targeted SMEs include firms working on recycling or biodegradable product manufacturing, renewable energy, biodiversity conservation, agricultural technology manufacturers and end-users who wish to adopt climate-conscious practices.

EDF Selection Process

The EDF employs a rigorous and highly selective selection process to ensure quality implementation, with just 3% of previous applicants being approved for a grant. Initially, businesses are longlisted based on meeting the minimum eligibility criteria, before a shortlist is compiled based on IOM staff conducting site

visits to verify the accuracy of the data. SMEs then submit a full application containing a detailed expansion plan, in preparation for an Investment Committee Visit from IOM technical experts evaluating the feasibility of expansion and the creation of sustainable job opportunities in a quality working environment.



- Location selection
- Market or value chain assessment
 - Focus Group Discussion (FGD) – Market chain
 - Employer survey
 - Key informants interview
- Data analysis

Release Call for Expression of Interest (Eoi)

- Information campaign
- Technical support to submit the Eoi
- Submission of the Eoi
- Applicants are longlisted based on IOM selection criteria
- Eoi verification visit to confirm information provided in the Eoi
- Applicants are shortlisted
- Shortlisted candidates are invited to submit a full application

Full Application Submitted

- Second site visit by IOM field teams
- Verification of the documentation provided by the business
- Site visit by the Investment Committee
- Investment Committee decision on grant awards

Selection of Businesses

- Successful applicants are notified
- Negotiation meetings undertaken to define milestones and funding tranches
- Supporting documentation uploaded
- EDF orientation on business registration and labour laws
- Enterprise development contract processed and signed

Signed Agreement

- First installment released upon submission of the business plan
- Milestones and job creation are verified with site visits
- Subsequent installments are released when milestones are reached
- M&E during the implementation and after the completion of the project

Project Completion



APPLY FOR EDF

To apply for EDF online,
please visit the EDF website at

edf.iom.int



Or scan this
QR code and
apply from your
mobile device



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